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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:	:	Chapter 11
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MOTORS LIQUIDATION COMPANY, <i>et al.</i> ,	:	Case No. 09-50026
f/k/a General Motors Corp., <i>et al.</i> ,	:	(Jointly Administered)
	:	
Debtors.	:	Honorable Robert E. Gerber
	:	
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FEE EXAMINER'S SECOND STATUS REPORT AND ADVISORY

The Fee Examiner of General Motors Corporation (n/k/a Motors Liquidation Company) submits this *Second Status Report and Advisory* pursuant to the *Stipulation and Order With Respect to Appointment of a Fee Examiner* [Docket No. 4708] (the “**Fee Examiner Order**”).

The Fee Examiner Order appointed the Fee Examiner to review applications from the professionals eligible for compensation under the Court’s *Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* (the “**Compensation Order**”) [Docket No. 3711] and to assist the Court in addressing fee applications as well as to help provide transparency and accountability in the administration of the chapter 11 cases.

SUMMARY

This is the Fee Examiner's second report. It reflects the continuing review by him and his counsel of the interim fee applications pending as of March 1, 2010, which will be heard on April 29, 2010. This report also incorporates a summary of legal research and factual information—based on that review—that should prove helpful to professionals amending pending applications and preparing subsequent applications.

BACKGROUND

1. Commencing on June 1, 2009, General Motors Corp. and certain of its affiliates (“**Debtors**”) filed in this Court voluntary cases under chapter 11 of the Bankruptcy Code. The Debtors’ chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Federal Rule of Bankruptcy Procedure 1015(b). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to 11 U.S.C. §§ 1107(2) and 1108.

2. On June 3, 2009, Diana G. Adams, the United States Trustee for the Southern District of New York, appointed the statutory committee of unsecured creditors pursuant to 11 U.S.C. § 1102.

3. On December 23, 2009, the United States Trustee, the Debtors, and the Creditors’ Committee proposed by stipulation the appointment of Brady C. Williamson as examiner in the above-captioned chapter 11 cases (the “**Fee Examiner**”) and, without objection and through the Fee Examiner Order entered that same day, the Court approved the appointment.

4. On January 5, 2010, the Fee Examiner submitted an *Application for Authorization to Employ and Retain Godfrey & Kahn, S.C. as Counsel to the Fee Examiner, Nunc Pro Tunc to December 28, 2009* and, without objection, the Court entered an Order authorizing the

employment of Godfrey & Kahn, S.C. (“**Godfrey & Kahn**”) on January 19, 2010 [Docket No. 4833].

STATUS REPORT

5. On February 16, 2010, through his counsel, the Fee Examiner filed his *First Status Report and Advisory*. No interested party objected or responded to the first report, which summarized the applicable standards and guidelines for the review of applications to approve reasonable fees and reimburse reasonable costs in connection with this proceeding.

6. Attached to this report as **Exhibit A** is a comprehensive memorandum, expanding the first advisory in narrative form. It collects the relevant case law as well as the statutory and administrative requirements for the fee application review and approval process. The memorandum also reflects the Fee Examiner’s general approach and the context in which the fee review takes place.

7. On March 26 , 2010, the Debtor’s counsel filed a *Notice of Hearing on First and Second Interim Applications for Allowance of Compensation for Professional Services Rendered and for Reimbursement of Actual and Necessary Expenses* [Docket No. 5378], scheduling all of the pending fee applications (regardless of when filed) for a hearing on April 29, 2010, beginning at 9:45 A.M. The Fee Examiner’s reports will be limited to the first interim fee applications—in part because there has been insufficient time to review the second interim applications (filed, for example, on March 15 and March 26, 2010) and in part because the Court may not have sufficient time on April 29 to hear all of the fee applications and the corresponding reports and any objections.

8. In addition, the second set of fee applications (and some of the first) have not yet been subject to audit by Stuart Maue. (Its initial retention was expressly limited.) An application to extend and expand that firm’s retention has been filed [Docket No. 5431] and,

based on an initial analysis, some of the pending first interim fee applications should remain subject to Stuart Maue's audit.

9. Since the first advisory, the Fee Examiner has continued to meet and correspond—sometimes often and at length—with all of the professionals that have filed applications and with the Debtor's management. The Fee Examiner plans to submit draft reports, which will supplement his initial inquiries and incorporate comments from the professionals in response to those inquiries, to many of the professionals and to the U. S. Trustee in the next 10 days. That will provide an additional opportunity for comment in advance of the April 22, 2010 notice date for formally-filed comment and objections.

10. In addition, the Fee Examiner has commented on previously-filed and pending retention applications. While a jurisdictional question has been raised about whether the retention applications are subject to the Fee Examiner's review and potential objection, it makes little practical sense to withhold questions and potential objections, identified at the retention stage, until months later when a fee application has been filed and presented to the Court. The Fee Examiner this week will file a motion asking the Court to clarify the initial retention order to expressly permit the Fee Examiner to comment on—and, if necessary, to object to—retention applications.

11. In this regard, the Fee Examiner already has engaged in discussions with the professionals retained or proposing to be retained in connection with asbestos claims, whether pending or future.

12. Attached to this report as **Exhibit B** is a two-page summary of the professionals and their pending applications for interim compensation and expense reimbursement.

13. Attached to this report as **Exhibit C** is a one-page summary of all of the interim fees and expenses paid to date by the Debtors, based on the monthly operating reports they have filed.

CONCLUSION

The fee and expense applications that will be presented to the Court for interim approval on April 29, 2010, vary widely—in the amount requested, in the scope of work, and in their compliance with the statutory and administrative standards for fee applications. In virtually every instance, the applicant already has received an interim payment of 80 percent of its fee request and reimbursement for all of its expenses. Whether or not the Fee Examiner objects to individual applications, this status report and advisory, like the first, reflects a collaborative approach to the fee review and approval process intended to assist the U.S. Trustee's office and the Court in exercising their statutory responsibilities.

Dated: Madison, Wisconsin
April 8, 2010.

GODFREY & KAHN, S.C.

By: /s/ Katherine Stadler
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